

105TH CONGRESS
1ST SESSION

H. R. 1478

To amend the Internal Revenue Code of 1986 to allow companies to donate computer equipment and software, and training related thereto, to elementary and secondary schools for use in their educational programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1997

Ms. ESHOO (for herself, Ms. STABENOW, Mr. FROST, Ms. LOFGREN, Mr. BOUCHER, Mr. CANADY of Florida, Mr. BROWN of California, Mr. DELLUMS, Ms. PELOSI, Mr. FILNER, Ms. RIVERS, Mrs. LOWEY, Mrs. MALONEY of New York, Mr. LAMPSON, Mr. STUPAK, Mr. BONIOR, Mr. SANDLIN, Mr. FORD, Mr. TURNER, Ms. KILPATRICK, Mr. CLEMENT, Mr. UNDERWOOD, Mrs. THURMAN, Mr. DOYLE, Mr. MOAKLEY, Mr. LEWIS of Georgia, Mr. FATTAH, Mr. WEYGAND, Mr. MCGOVERN, Mr. RANGEL, Mr. UPTON, Mrs. EMERSON, Mr. LEVIN, Mrs. KENNELLY of Connecticut, and Ms. HOOLEY of Oregon) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow companies to donate computer equipment and software, and training related thereto, to elementary and secondary schools for use in their educational programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CHARITABLE CONTRIBUTIONS OF COMPUTER**
 2 **EQUIPMENT AND SOFTWARE TO ELEMEN-**
 3 **TARY AND SECONDARY SCHOOLS AND TO**
 4 **QUALIFIED ORGANIZATIONS PROVIDING AS-**
 5 **SISTANCE TO INDIVIDUALS WITH DISABIL-**
 6 **ITIES.**

7 (a) IN GENERAL.—Subsection (e) of section 170 of
 8 the Internal Revenue Code of 1986 is amended by adding
 9 at the end the following new paragraph:

10 “(6) SPECIAL RULE FOR CONTRIBUTIONS OF
 11 COMPUTER EQUIPMENT AND SOFTWARE USED FOR
 12 EDUCATIONAL PURPOSES.—

13 “(A) LIMIT ON REDUCTION.—In the case
 14 of a qualified educational contribution, the re-
 15 duction under paragraph (1)(A) shall be no
 16 greater than the amount determined under
 17 paragraph (3)(B).

18 “(B) QUALIFIED EDUCATIONAL CONTRIBU-
 19 TION.—For purposes of this paragraph, the
 20 term ‘qualified educational contribution’ means
 21 a charitable contribution by a corporation of
 22 any computer software or computer or periph-
 23 eral equipment, but only if—

24 “(i) the contribution is to—

25 “(I) an educational organization
 26 described in subsection (b)(1)(A)(ii),

1 “(II) a governmental unit de-
2 scribed in subsection (c)(1), or

3 “(III) an organization described
4 in section 501(c)(3) and exempt from
5 taxation under section 501(a), or a
6 governmental unit described in sub-
7 section (c)(1), that has documented
8 experience and expertise at the com-
9 munity level in providing training and
10 evaluation for information technology
11 services and devices to individuals
12 with disabilities, their parents, family
13 members, guardians, advocates, or au-
14 thorized representatives,

15 “(ii) the contribution is made not
16 later than 3 years after the date the tax-
17 payer acquired the property (or in the case
18 of property constructed by the taxpayer,
19 the date the construction of the property is
20 substantially completed),

21 “(iii) substantially all of the use of the
22 property by the donee is for use within the
23 United States for educational purposes re-
24 lated to the purpose or function of the or-
25 ganization or unit,

1 “(iv) the original use of the property
2 began with—

3 “(I) the donee, in the case of
4 property constructed by the taxpayer
5 or property of the taxpayer described
6 in section 1221(1), or

7 “(II) the taxpayer, in any case
8 not described in subclause (I),

9 “(v) the property is not transferred by
10 the donee in exchange for money, other
11 property, or services, and

12 “(vi) the taxpayer receives from the
13 donee a written statement representing
14 that its use and disposition of the property
15 will be in accordance with the provisions of
16 clauses (iii) and (v).

17 “(C) DONATIONS TO CHARITY FOR REFUR-
18 BISHING.—

19 “(i) IN GENERAL.—For purposes of
20 this paragraph, a charitable contribution
21 by a corporation shall be treated as a
22 qualified education contribution if—

23 “(I) such contribution is a con-
24 tribution of any computer or periph-

1 eral equipment to a qualified organi-
2 zation, and

3 “(II) the taxpayer receives from
4 such organization a written statement
5 representing that its use of the prop-
6 erty (and any use by the organization
7 or unit to which it donates the prop-
8 erty) meets the needs of the donee
9 and the requirements of clause (v) of
10 subparagraph (B).

11 “(ii) QUALIFIED ORGANIZATION.—For
12 purposes of clause (i), an organization is a
13 qualified organization if—

14 “(I) the organization is described
15 in section 501(c)(3) and exempt from
16 taxation under section 501(a), and

17 “(II) a substantial part of the
18 business of the organization is the re-
19 pair and refurbishment of computers
20 or peripheral equipment and the dona-
21 tion of such equipment to an organi-
22 zation or unit described in subpara-
23 graph (B)(i) for a purpose described
24 in subparagraph (B)(iii).

1 “(D) SPECIAL RULES.—For the purposes
2 of this paragraph—

3 “(i) CONSTRUCTION OF PROPERTY BY
4 TAXPAYER.—Paragraph (4)(C) shall apply.

5 “(ii) REFURBISHMENT OF PROPERTY
6 BY TAXPAYER.—Property that is substan-
7 tially refurbished by the taxpayer shall be
8 treated as property constructed by the tax-
9 payer.

10 “(E) DEFINITIONS.—For the purposes of
11 this paragraph—

12 “(i) COMPUTER OR PERIPHERAL
13 EQUIPMENT.—The term ‘computer or pe-
14 ripheral equipment’ has the meaning given
15 such term by section 168(i)(2)(B).

16 “(ii) COMPUTER SOFTWARE.—The
17 term ‘computer software’ has the meaning
18 given such term by section 197(e)(3)(B).

19 “(iii) EDUCATIONAL PURPOSE.—The
20 term ‘educational purpose’ includes admin-
21 istration incident to providing education.

22 “(iv) DISABILITY.—The term ‘disabil-
23 ity’ has the meaning given such term by
24 section 3(2) of the Americans with Disabil-
25 ities Act of 1990.

1 “(v) INFORMATION TECHNOLOGY.—

2 The term ‘information technology’ includes
3 any computer or peripheral equipment,
4 computer software, digital augmentative
5 speech device, firmware, and services relat-
6 ed thereto.

7 “(vi) CORPORATION.—The term ‘cor-
8 poration’ has the meaning given such term
9 by paragraph (4)(D).”

10 (b) COMPUTER TRAINING.—Section 170 of such
11 Code is amended by adding at the end the following new
12 subsection:

13 “(n) COMPUTER TRAINING.—

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, the term ‘charitable contribution’ includes a
16 contribution by a corporation of qualified computer
17 training.

18 “(2) QUALIFIED COMPUTER TRAINING.—

19 “(A) IN GENERAL.—For purposes of para-
20 graph (1), the term ‘qualified computer train-
21 ing’ means training—

22 “(i) provided by the taxpayer in the
23 use of computer software or any computer
24 or peripheral equipment (as defined in sub-
25 section (e)(6)(E)) contributed to the donee

1 by the taxpayer for a purpose described in
 2 subsection (e)(6)(B)(iii),

3 “(ii) provided to an individual em-
 4 ployed by an organization or unit described
 5 in subsection (e)(6)(B)(i), and

6 “(iii) for which the taxpayer receives
 7 from the donee a written statement rep-
 8 resenting that the training is not in ex-
 9 change for money, other property, or serv-
 10 ices.

11 “(B) TIME LIMITATION.—Not more than 8
 12 hours of training may be taken into account
 13 under subparagraph (A) with respect to each
 14 contribution.

15 “(C) VALUATION.—For the purpose of this
 16 subsection, the value of the time of an individ-
 17 ual who provides computer training shall be
 18 based on the usual wage rate of the individual.”

19 (c) CONTRIBUTION OF DIGITAL AUGMENTATIVE
 20 SPEECH DEVICES FOR USE BY INDIVIDUALS WITH DIS-
 21 ABILITIES.—Subsection (e) of section 170 of the Internal
 22 Revenue Code of 1986, as amended by subsection (a) of
 23 this section, is further amended by adding at the end the
 24 following new paragraph:

1 “(7) SPECIAL RULE FOR CONTRIBUTIONS OF
2 DIGITAL AUGMENTATIVE SPEECH DEVICES.—

3 “(A) LIMIT ON REDUCTION.—In the case
4 of a contribution or gift of a digital augment-
5 ative speech device to an entity described in
6 subparagraph (B)—

7 “(i) the reduction under paragraph
8 (1)(A) shall be no greater than the amount
9 determined under paragraph (3)(B), and

10 “(ii) qualified training in the use of
11 such device shall be treated as a charitable
12 contribution for purposes of this section.

13 “(B) ENTITY DESCRIBED.—An entity is
14 described in this subparagraph if the entity is—

15 “(i) described in section 501(c)(3) and
16 exempt from taxation under section
17 501(a), or

18 “(ii) a governmental unit described in
19 subsection (c)(1),

20 that has documented experience and expertise
21 at the community level in providing training
22 and evaluation for information technology serv-
23 ices and devices to individuals with disabilities,
24 their parents, family members, guardians, advo-
25 cates, or authorized representatives.

1 “(C) QUALIFIED TRAINING.—

2 “(i) IN GENERAL.—The term ‘quali-
3 fied training’ means training in the use of
4 a digital augmentative speech device con-
5 tributed by the taxpayer under subpara-
6 graph (A) to an entity described in sub-
7 paragraph (B) that is —

8 “(I) provided by the taxpayer,

9 “(II) provided to an individual
10 employed by such entity, and

11 “(III) for which the taxpayer re-
12 ceives from the donee a written state-
13 ment representing that the training
14 meets the requirements of subpara-
15 graph (D).

16 “(D) LIMITATIONS.—

17 “(i) EXCHANGE FOR MONEY, ETC.—
18 Subparagraph (A) shall not apply to prop-
19 erty or training donated under this para-
20 graph if such property is transferred by
21 the donee in exchange for money, other
22 property, or services.

23 “(ii) TIME AND VALUATION.—Sub-
24 paragraphs (B) and (C) of paragraph (6)

1 shall apply to training subject to this sub-
2 paragraph.

3 “(E) DEFINITIONS.—For purposes of this
4 paragraph, the terms ‘disability’ and ‘informa-
5 tion technology’ have the meaning given such
6 terms by subsection (e)(6)(E).”

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 1996.

10 **SEC. 2. REPORT ON EFFECTIVENESS OF CHARITABLE CON-**
11 **TRIBUTIONS OF COMPUTERS AND SOFTWARE**
12 **IN MEETING EDUCATIONAL NEEDS OF STU-**
13 **DENTS.**

14 Not later than December 31, 1998, the Comptroller
15 General of the United States shall conduct a study on the
16 effectiveness of the enhanced charitable contribution
17 under section 170(e)(6) of the Internal Revenue Code of
18 1986 (as amended by section 1 of this Act) in meeting
19 educational needs of students in the United States. The
20 Comptroller General shall submit the report to the Com-
21 mittee on Ways and Means of the House of Representa-
22 tives and the Committee on Finance of the Senate.

23 **SEC. 3. DONATIONS TO UNDERPRIVILEGED SCHOOLS.**

24 It is the sense of Congress that one of the main pur-
25 poses of the enhanced charitable deduction under section

1 170(e)(6) of the Internal Revenue Code of 1986 (as
2 amended by section 1 of this Act) is to encourage the do-
3 nation of computer equipment and software to—

- 4 (1) schools serving low income communities;
5 (2) schools whose fiscal year budgets are below
6 the applicable State-wide norm; and
7 (3) schools at which student test scores are sub-
8 stantially below the State-wide norm.

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